

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

CRAIG SANFORD, et al.)	
)	
Plaintiffs.)	
)	Civil Action No. 1:10-cv-00940-GBL-IDD
v.)	
)	
SCG INTERNATIONAL, LLC, et al.)	
)	
Defendants.)	
)	

**THE SANFORDS' MEMORANDUM IN OPPOSITION TO THE DEFENDANTS'
MOTION *IN LIMINE* TO PROHIBIT TESTIMONY OR ATTORNEY ARGUMENT
REGARDING WHETHER A JUDGMENT OF FRAUD CAN BE DISCHARGED
THROUGH BANKRUPTCY**

The Plaintiffs Craig Sanford and Mary Jo Sanford ("the Sanfords"), by counsel, hereby state the following in opposition to the Defendants' Motion *in Limine* To Prohibit Testimony or Attorney Argument Regarding Whether a Judgment of Fraud can be Discharged Through Bankruptcy:

The purpose of a trial is to present both the facts and the law to the jury, so that they are aware of the circumstances and consequences of their decision. In that respect, the Sanfords have every right to present testimony, and to argue to the jury, the legal reality that a fraud judgment is not dischargeable in bankruptcy. *See* 11 USC § 523(a)(2)(A) which prohibits the discharge of funds in bankruptcy obtained through fraud.

The Defendants cannot cite any legal authority that would prevent the Sanfords from presenting testimony that fraud is not dischargeable in bankruptcy or, conversely, that the recently awarded judgment against SCG International for \$12.5 million under the defaulted 2007 "note" is dischargeable in bankruptcy. In fact, both legal ramifications are well known to the

Defendants – and both drove their decisions in this matter. In that vein, the Court should note that defendant Jamie Smith is himself an attorney and has widely advertised himself as a “recognized expert” on asset protection. See advertisements of his “asset protection strategy” seminars attached hereto as Exhibit A.

There is also no legal authority to prevent the Sanfords from mentioning in argument an undisputed Federal law which is relevant to the case, i.e. a fraud judgment against Defendant Smith is not dischargeable in bankruptcy. Assuming there was any merit to them, the Defendants’ concerns are easily alleviated by properly instructing the jury on the elements of fraud and the burden of proof required.

In sum, the Sanfords should not be prevented from arguing a legal principle to the jury, especially one which has motivated the actions of the Defendants in this case.

The Sanfords respectfully ask this Court to deny the Defendants’ Motion *in Limine* and allow witnesses and attorneys to discuss the legal fact that a judgment relating to the fraud claim cannot be discharged in bankruptcy.

CRAIG SANFORD
MARY JO SANFORD

/s/
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Certificate of Service

I hereby certify that on this 3rd day of August, 2011 I will electronically file the foregoing with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following individuals. Additionally, I transmitted the foregoing by facsimile to the following individuals:

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